



Senator Jeff Merkley

The American Savings Act

Retirement in America is changing.

As recently as a few decades ago, workers usually worked for one company their whole career. That company job often came with a pension that, along with the promise of Social Security, assured workers of a secure retirement in their golden years. But today, that's no longer the story for most workers.

The Problem

Today, people don't stay at one job their whole life, and fewer and fewer have an employer-sponsored pension plan. That means that retirement savings need to help make up the difference—but for many workers, effective retirement savings accounts are out of reach. Currently, 68 million Americans work for an employer that does not sponsor a retirement plan, and nearly one-third of all non-retired Americans have no retirement savings.

The American Savings Act would help fix this.

The Solution

The American Savings Act would establish American Savings Accounts for all Americans whose employers don't help them save for retirement. ASAs would offer the same low cost, simple and effective retirement savings and investment options that are already available to federal employees.

Universal and portable. With an American Savings Account, it doesn't matter whether you work part-time or full-time, whether you work one job or multiple jobs, or whether you work for a small company or a big one. If your employer doesn't already offer its own retirement plan, or if you work for yourself, you'll have access to your own American Savings Account – and you can take it with you to any job, at any time, in any state. If you work for a business that doesn't otherwise offer a retirement savings plan, you'll be automatically enrolled, and if you are self-employed you can sign yourself up at any time.

Personal. Employees can choose how much to save in pre-tax dollars to suit their needs. The default is 3%, but workers have the option at any time to opt out, or to lower or raise their contributions up to a maximum of \$18,000 per year. And account holders get the same range of low-fee investment choices currently available to federal workers through the federal Thrift Savings Plan, including simple lifecycle funds that automatically shift to safer investments as workers near retirement.

Simple. ASAs are simple for employers, who simply need to send employees' ASA savings to the federal government alongside employee tax withholdings. Workers will control their own accounts directly through a website, making American Savings Accounts a no-hassle, high-quality option for small businesses.

The Bottom Line: Bringing Retirement Security into the 21st Century

The pensions and one-company careers of past decades aren't coming back. But we can adapt our retirement strategies to succeed in the 21st century. By creating American Savings Accounts, we will give all Americans access to a simple, cost-effective and portable retirement savings plan, and ensure that millions of hardworking Americans will have more security in their financial future.